JUNE 5, 1967

THE KENNEDY ROUND

U.S. AGRIBUSINESS AND THE WORLD FOOD PROBLEM

ITALY'S VEGETABLE INDUSTRY AND CAP

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Including FOREIGN CROPS AND MARKETS

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The two conferences symbolized by this week's cover and written about inside will have far-reaching effects on international trade and the growth of the world's less-developed countries.

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The Kennedy Round: Three Years of Trade Negotiations

U.S. agriculture, like U.S. industry, has benefited from the sixth round of negotiations under the General Agreement on Tariffs and Trade.

By JOHN A. SCHNITTKER
Under Secretary of Agriculture

U.S. farmers came out ahead in the Kennedy Round of trade negotiations. Concessions won at Geneva will mean larger foreign markets for a number of our agricultural commodities. In my opinion, the trade talks have brought measurably closer the date when our farm product exports—now at the $7 billion level—will hit the $10 billion mark.

The 3-year grains agreement that was concluded will raise minimum prices of wheat moving in world trade—increases that will be reflected in part to U.S. producers. Furthermore, the agreement calls for industrialized importing nations to provide food aid to the less-developed countries, which should open new commercial outlets for U.S. grain. That's not all. We got tariff concessions averaging about 25 percent on a long list of other farm products. The overall trade "package" unquestionably will raise the volume of farm products moving in world trade—and, of course, the general level of U.S. exports.

We didn't get all we asked for. We had hoped for deeper tariff cuts—for more dismantling of nontariff barriers. But trade negotiation must be a process of give and take. If each side were to hold out for all its initial demands, agreement would never be reached. As it turned out, we got part of our demands; our trading partners got some of theirs. The final bargain concluded at Geneva, though a product of compromise, bears out the old saying that a thing need not be perfect to be good.

Two commodity categories

Negotiators dealt with two general commodity categories at Geneva. There were three "group commodities": Grains, meat, and dairy products. All others were "tariff-cut items," including such products as tobacco, tallow, soybeans, grapefruit, canned fruit cocktail, and other fruits and vegetables, both fresh and canned. The effort with these items was to reduce tariffs or to reduce or remove any nontariff barriers that hindered trade.

Much of the U.S. negotiating was focused on grains, particularly on the problem raised by the European Economic Community's variable import levy system—a system we consider a nontariff barrier.

The United States had three key objectives in the grains negotiations at the start of the Kennedy Round:

1. Guaranteed access for American grain to the important markets of the world.

2. An increase in the level of world trading prices presently governed by the International Wheat Agreement (IWA).

3. Establishment of the principle—and the fact—of multilateral sharing of the world's food aid burden.

Access guarantee for grain

In seeking an access guarantee, we were looking for an arrangement by which the regular level of grain imports by the EEC, the United Kingdom, and Japan would be continued—an arrangement that would also allow us to share in future growth of grain imports by these countries. The stakes were large. For the EEC they involved total grain imports —wheat and coarse grains combined—of 17 million or 18 million metric tons; for the United Kingdom, 9 million tons or so; and for Japan over 8 million tons.

Grain access negotiations in the last 2 or 3 months of the Kennedy Round were focused on the question of a "self-sufficiency ratio." This was an idea advanced by the EEC, which offered to limit its self-sufficiency in grain to a certain percentage. In this connection the EEC in recent years has been producing grain equivalent to 85 percent of its commercial requirements.

In view of the existing situation, the United States suggested a maximum target of 86 percent for EEC farmers. The Community's best counteroffer was 90 percent for its own farmers. The EEC wouldn't budge from its position; neither would the United States.

We had two reasons for insisting on the 86-percent figure—which, of course, would have meant 14 percent for exporters.

First, and foremost, that's about the share exporters have now. We wanted at least as much from the EEC as we already have.

Second, we didn't want to give our approval to an EEC self-sufficiency ratio as high as 90 percent. That would give EEC grain producers too high a target to shoot at. In other words, formalization of a high self-sufficiency ratio could well encourage efforts by the EEC to push grain production to the "permitted" level. That would be undesirable in our view, because the more of its own grain the EEC produces, the less it needs to import from us and other grain exporting nations.

We didn't see eye to eye on another point. We wanted a continuing access agreement. The EEC was not prepared to consider a continuing obligation even at the 90-percent level.

The stalemate persisted. Finally, at a place in the first weekend marathon negotiating session (two were held in an effort to break the deadlock) the United States decided to withdraw its demands for guaranteed access.

This issue, on which there was no hope for agreement, was stalling progress in other sectors. Also, we were mindful that we retained certain rights under "standstill agreements" entered into during the 1960-61 round of trade talks—the Fifth or Dillon Round. The standstill agreement on grains seeks to maintain the level of imports and authorizes negotiations with the EEC on the basis of rights the United States held as of September 1, 1960. Furthermore, we felt that through the food aid provisions of the new agreement, our access to dollar markets could be improved to some extent. So we decided, in dropping the fight for guaranteed access to the EEC, to take our chances —just as we have been doing in recent years.

World grain prices

Pricing provisions of the new accord establish a world price floor at $1.73 a bushel for U.S. No. 2 Hard Red Winter wheat, ordinary protein, f.o.b. U.S. ports on the Gulf of Mexico. For U.S. wheats, the new minimum prices are generally about 23 cents a bushel higher than the minimum under the International Wheat Agreement, which will run through July 31, 1967. Minimum prices for other major wheats are set according to differences in quality and location.

Maximum prices for world wheat trade have been set 40 cents above the minimum for each wheat. This provides a 40-cent range in which prices may fluctuate in line with supply and demand forces. If prices reach maximum levels, exporters will provide agreed quantities to importers at not more than the agreed maximum prices.

Exporters had hoped to reach a slightly higher level of guaranteed minimum prices. Firm importer positions, however, made it impossible to reach a higher minimum price increase in terms of U.S. wheat than was achieved. And this may have been for the best. A higher price poses the risk of production expansion in other grain exporting countries.

A feature of great importance to U.S. farmers and the grain export trade generally provides for adjusting the relationships among minimum prices in the event that at any time the agreed schedule is not representative of actual competitive conditions. Sales below minimum prices set forth in the agreement could occur should consultations among members fail to maintain competitive prices at or above minimum levels.

What will be the effects of the higher minimums?

World trading prices will be affected, certainly. Historically, a floor under wheat prices has put a discipline on exporters causing them to keep their prices well above the minimum. The increased minimum set at Geneva assures a rather substantial rise in world prices over the next 3 years, as compared to the last 3 years. This does not necessarily mean that world trading prices for wheat will rise the minute the new agreement becomes effective. Present world prices, in terms of the reference wheat at the Gulf, are near the highest level of recent years, $1.83 a bushel, which is about 10 cents above the new floor and about 13 cents above the average of the past 3 years. We are in a strong price situation now and I wouldn't be surprised to see that strength continued and added to as a result of the new minimum. World trading prices over the next 3 years could be 10 to 25 cents a bushel higher than in the past 3 years.

For U.S. farmers, the new minimum means additional price insurance. The current $1.50 minimum under the IWA relates to about $1.15 a bushel at the farm—10 cents below the present loan rate of $1.25. The new minimum of $1.73—23 cents a bushel above the IWA minimum—relates to $1.38 at the farm, or 13 cents above the loan rate. Therefore, the new minimum will provide a substantial additional guarantee against low farm prices of wheat. (Prices received by U.S. farmers for wheat in mid-May 1967 averaged $1.58 a bushel nationwide, as compared with $1.44 on the same date in 1966.)

Sharing food aid

Under the aid provisions of the agreement, the developed countries of the world will join in providing 4.5 million metric tons of grain each year to the less-developed countries. Of this total, the United States will provide almost 1.9 million tons, or 42 percent. About the same amount will be provided by the importing countries, including the European Economic Community as a bloc, which alone will contribute a little over 1.0 million tons. The food aid provision represents great progress toward a key U.S. objective—multilateral sharing of the food aid burden.

The importing countries providing food aid include—in addition to the six making up the EEC—the United Kingdom, Switzerland, Sweden, Denmark, Norway, Finland, and Japan. Many of these countries have been part of the India Aid Consortium, on an emergency basis, but this represents the first time a broad multilateral attack has been made on hunger, apart from any obvious and existing emergency. Furthermore, the 1.9 million tons that importers will provide should mean expanded commercial markets around the world for efficient exporters. For example, if the EEC needs to import 17 million tons of grain, which has been the case in recent years, and then puts 1 million tons into food aid, that year the EEC would need to import 18 million tons. In a sense then, the food aid program gives us some access improvement.

Contributions to the food aid program are expected to be wheat, in the main, but coarse grains may be included to the extent agreed upon by donor and recipient countries. This, incidentally, is the only way coarse grains figure in the new grains arrangement. No minimum prices have been established for them.

Whether the agreement will mean any substantial gain in export volume remains to be seen. In any event, the value of U.S. grain exports should rise because of the higher price. Also, through operation of the food aid program, an increased proportion of the exports should be commercial sales, and a reduced proportion concessional transactions.

Cereals agreement

Other details must be worked out.

For example, the grains arrangement, which will go under some such name as "International Cereals Agreement," will replace the International Wheat Agreement when the substantive features of the latter expire this coming July 31. It should be noted in this connection that the Soviet Union is a party to the IWA, but, not being a contracting party to the General Agreement on Tariffs and Trade, did not take part in the Kennedy Round and did not have a voice in negotiation of the Cereals Agreement. On May 16, the Director General of the GATT announced that a meeting of GATT country officials would

be called at an early date to discuss the matter of how other countries could be brought under the new agreement. It is obvious that a definite effort will be made to broaden the membership of the agreement apart from countries participating in the negotiation.

The writing of the final grain document remains to be done. Then it must go to the U.S. Senate for its ratification. The IWA has been a treaty; the new International Cereals Agreement will also be considered as a treaty.

Meats and dairy products

Progress in liberalizing trade in meats and dairy products, the other "group" commodities, was much more limited than for grains.

When details of the negotiations become available—which they aren't now—they will reveal some instances of tariff reduction in some meat products among various countries. There will be some improved access to markets such as the EEC and some of the Asian markets, but no general liberalization of world meat trade.

Similarly, there will be some modest liberalization of trade in dairy products. But no really substantial changes were recorded in the complex system of price supports, export subsidies, quotas, et cetera, which continue to hamper dairy product trade.

Tariff cut items

Hundreds of products are involved in this category. Although results cannot be discussed in detail at this time, the broad outlines are clear.

According to Ambassador William M. Roth, who headed the U.S. negotiating team, we got a reduction of approximately 25 percent in tariffs on the tariff-cut items. Though not as good as for industry, where the reductions averaged 33 to 35 percent, the result was still quite significant.

Our chief negotiations on these items were with Canada, the United Kingdom, the EEC, and Japan. The United States and Canada have achieved a very respectable exchange of tariff reductions, a negotiation with which both countries have reason to be pleased. We have a lot of two-way border trade with Canada in fruits, vegetables, mill feeds, brewery products, and other commodities. This volume should expand in the years ahead. We import very few agricultural products from Japan but we export a heavy volume of grains, oilseeds, vegetable oil, and other goods. Therefore, in contrast with the two-way U.S.-Canadian agricultural trade, any agricultural bargain with Japan must be an integral part of an overall industry-agricultural negotiation. From the EEC we import some $200 million worth of products, such as wines, spirits, cordials, specialty canned foods. We export about $400 million worth of the same general type of goods, such as variety meats, vegetable oil, and many kinds of fruit, both canned and fresh. After a very difficult and protracted negotiation with the EEC, and one that seemed at times doomed to failure, we concluded what I consider to be a very respectable exchange of tariff concessions. Our biggest trade in tariff-cut items with the United Kingdom is in tobacco, and full details were unavailable as this publication went to press.

Duty-free products to the EEC

Several major U.S. farm products already had duty-free access to the European Economic Community—and to some other countries—by virtue of previous negotiations. On the list are raw cotton; vegetable oilseeds, notably soybeans; oilcake and meal; hides and skins. These and certain other duty-free products, which accounted for one-third of our 1966 exports of $1,561 million to the EEC, were not subject to U.S.-EEC negotiations in the Kennedy Round. Some of them, however, figured in negotiations with non-EEC countries. It will be several weeks before complete results of the Kennedy negotiations are officially summarized. It may be late June, because the full bargain involves concessions on industrial items as well as farm products.

In every way, this was a joint agriculture-industry negotiation—the first time in the 20-year history of the General Agreement on Tariffs and Trade that agriculture was included, in a most comprehensive manner, in trade talks. Our negotiators insisted on maintaining the agriculture-industry link throughout. In keeping with that policy, concessions in one area were "held hostage" until concessions were gained in the other area. It was a policy that benefited both industry and agriculture.

U.S. agricultural exports, favored by strong foreign demand and intelligent, persistent market development effort, are inevitably on an upward trend. In other words, our exports would stay headed upward had there been no Kennedy Round. But the rate of increase unquestionably would be much smaller than we now anticipate.

What does all this mean in terms of exports? It had been estimated earlier that our farm product shipments of about $7.0 billion this year would hit the $8.0 billion mark by 1970 and the $10.0 billion level by 1980. These goals are attainable under any circumstances. But Kennedy Round results are bound to hasten their attainment.

French Worry Over Common Grain Market

With the approach of July 1—the time for the six countries of the European Economic Community to unify their grain markets—French grain cooperatives and producers' organizations have become progressively more alarmed at the developments in Brussels which pointed to a "liberal" solution of the grain marketing regulation.

The EEC Commission's proposed grain regulation (to replace the old Regulation No. 19) provided for free purchases of grain by any dealer and intervention buying by the Commission only at a few intervention points. French producer interests, however, strongly desire the maintenance of the system of preventive purchasing from farmers in order to prevent the market price from falling all the way to the intervention level.

The basis of the French concern is that during the harvest period in France—the EEC's surplus grain-producing country—farmers who cannot store their grain will not always receive the full intervention or support price in the absence of preventive purchasing by local cooperatives and private dealers. Private traders maintain that the combination of export restitutions, if permanently tied to the import levy, and intervention at regional centers if necessary, as foreseen by the EEC Commission, should be sufficient to assure producers of receiving no less than the intervention price. But producers' representatives are not persuaded of this. They are urging the French negotiators in Brussels to press the EEC for a transition period so that France can adjust its grain marketing system to the one that will prevail for the whole community.

Italian Vegetable Industry Faces Problems Under CAP

Roman housewives can buy fresh fruits and vegetables in modern supermarkets like the store pictured above, where most produce is protectively wrapped.

By W. GLENN TUSSEY and A. CACCIAGUERRA
Office of U.S. Agricultural Attaché
Rome, Italy

Italy—producer of almost as many vegetables as the other Common Market members combined—may have problems remaining the EEC's chief supplier under the new Common Agricultural Policy (CAP). Although Italy's climate is extremely favorable for vegetable crops, problems of quality, standardization, and marketing could cause it to lose ground to the Netherlands and France.

Implementation of the EEC's quality standards under the CAP poses the most immediate problem for Italy. Before they were established, the only quality requirement for fruits and vegetables marketed within Italy was edibility. The Italian Government is giving the matter considerable attention, but the administrative machinery necessary to implement the regulations is lacking.

The quality regulations must be met in order to receive EEC price benefits, as the price-support arrangement must necessarily be related to the quality standards. The entire system was supposed to become effective last January 1, but full implementation has been delayed. So far, only two vegetables, cauliflower and table tomatoes, are affected; however, numerous others will be brought under the regulation by next January.

Following is a simplified version of how the price-support system will function: For tomatoes and cauliflower, the base price will be determined annually by taking the arithmetic average of prices in the most representative markets. When market quotations fall below 60 percent of the base price for 3 consecutive days, a depressed situation will be declared. Producers' organizations will be authorized to withdraw marketings and will receive indemnification from the government. If prices fall further and are below 45 percent of the base price for 3 successive days, a crisis will be declared, and the government will intervene by purchasing vegetables for processing or destruction. In both the depressed and crisis situations, the Italian Government will be repaid by the Community's European Agricultural Guidance and Guarantee Fund (FEOGA).

Meeting the EEC's regulations is vital to Italy, as the Community takes a substantial portion of Italian vegetable exports—65 percent in 1965. The EEC allows southern Italy lower rail tariffs for fruits and vegetables. Issued for 1 year at a time, this authorization has always been renewed.

West Germany is the biggest EEC importer of Italian vegetables and offers the best potential for expanded sales because the other EEC countries have a high self-sufficiency in vegetables. However, France, with sizable areas similar to the Po Valley, could become a troublesome competitor. The Netherlands, with heated greenhouses, standardized products, well-organized marketing cooperatives, and proximity to Germany, could become an important supplier of the German market, too.

To maintain a hold on the EEC market, Italy will not only have to solve its quality problems, but also achieve a degree of standardization in its products and establish a more efficient marketing system.

Diversity is a key feature of the Italian vegetable industry. Varying climatic conditions have caused proliferation of many varieties. In earlier days, the scarce resources of small farmers resulted in use of homegrown seeds, adding to the problem of nonstandardization; research and better production techniques are slowly changing this. However, the interests of the Sicilian and the Po Valley farmer are still quite different; they may, in fact, be in conflict as regards varieties, maturity dates, labor problems, and marketing.

Above and top right, street vendors market their produce in a square in Rome. At right, a vegetable retailer unloads his cart in a wholesale market near the city.

With warm southern Italy suited for the production of early vegetables, the harvest pattern has always been from south to north, similar to that from Florida to New Jersey. This pattern was upset by construction of plastic greenhouses in central Italy. To keep their advantage, the Sicilians increased production of early vegetables under plastic. By 1966, more than 10,000 acres were under plastic in Italy, with expansion continuing at a rapid rate.

Italy produced about 14.5 million tons of vegetables, including potatoes, from 1,575,000 acres in 1965. Output of all vegetables except potatoes was up over the previous year, and their value, at about $1,170 million, was nearly 15 percent of agriculture's total Gross National Product. By 1975, expanded irrigation in the southern part of the country is expected to yield an additional 2.5 million tons.

Marketing of vegetables is chiefly in private hands, and inefficiencies in the distribution system are easily spotted. In the more efficient systems, large buyers in growing areas sell to town or city wholesalers who in turn sell to retailers, frequently fruit stand operators. The so-called farmers' markets of the towns are really the domain of middlemen; few "dirt farmers" vend produce there. The less efficient systems have a larger number of middlemen, especially between the grower and the buyer. Growers lacking capital will frequently borrow and are under obligation to sell to their "benefactors."

The inefficiencies extend to grading and packing. Except for produce aimed at the export market, packinghouses are frequently just long tables where women do the sorting by hand. A few cooperative packinghouses have been established in recent years with government financial assistance, but the need for further improvement is evident.

VEGETABLE TRADE, CONSUMPTION, AND SELF-SUFFICIENCY IN THE COMMON MARKET

Item	Italy	France	Netherlands	West Germany	Belgium-Luxembourg
Degree of self-sufficiency:	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
1955-56	112	98	151	79	100
1964-65	114	95	166	62	115
Exports:	*1,000 tons*	*1,000 tons*	*1,000 tons*	*1,000 tons*	*1,000 tons*
1955-56	621	143	451	4	60
1964-65	1,351	170	868	9	234
Imports:					
1955-56	12	246	42	599	60
1964-65	84	535	148	1,338	89
Per capita consumption:	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*
1955-56	197.5	272.3	142.2	110.0	164.7
1964-65	328.7	282.9	162.5	120.8	197.1

European Institute of Statistics.

American Agribusiness Eyes Its Role in World Food Problem

The following report on the First International Agribusiness Conference was written for Foreign Agriculture *by* Larry B. Marton *of the U.S. Department of Agriculture's Office of Information, Special Reports Section.*

"The less-developed countries' growing import gap—the difference between what they *need* to import and what they can *afford* to import—makes it imperative for American firms to consider substantial investments within these countries." With these words, U.S. Secretary of Agriculture Orville L. Freeman opened the First International Agribusiness Conference in Chicago, May 10, challenging the private sector of America's economy to assume an aggressive and direct role in the War on Hunger.

The U.S. Department of Agriculture and the Agency for International Development (AID) have pledged their combined resources to combatting world hunger, as directed by President Johnson. And the Agribusiness community has signalled its willingness to enter the war. The First International Agribusiness Conference may well produce—in time—some new and decisive weapons.

Sponsored by the Chicago Board of Trade, the Conference drew more than 300 key figures from industry, government, farm organizations, educational institutions, and investment houses. They represented every phase of the agribusiness community—production, transportation, marketing, financing, market development and promotion, research, and manufacturing.

The President's challenge to industry

A growing awareness that the world food problem cannot be attacked solely on a government-to-government basis in part stimulated the birth of the Agribusiness Conference. President Johnson had noted "The War on Hunger is too big for governments alone. Victory cannot come unless businessmen join the battle." Secretary Freeman added to this by saying that "The growing demand for food presents unprecedented opportunities for agribusiness expansion. Agribusiness firms in the developing countries today are charter participants in a dynamic growth industry of the coming decades."

Earlier this year, addressing himself to the critical need for agricultural development in food-poor nations, Secretary Freeman had declared, "Investment capital, for the most part, comes not from government but from private business. So, too, is private business the most efficient and effective mobilizer and manager of technology and resources."

In general, the Conference was designed to provide an open forum in which corporate officers at the policy and decision-making level could meet with leaders in agribusiness and air some of the problems and questions which face private businessmen interested in investing in the less-developed countries.

Delegates wanted to know about the federal government's role in encouraging agricultural investments. Would the government relieve market development costs? How would it handle any restrictive U.S. import policies so as to provide a market for commodities produced in less-developed countries for needed foreign exchange? They also wanted to know more about the role of private business. Should it take the first step? How will private firms find markets for its products in countries with low purchasing power? What further steps must be taken to persuade the governments of these countries where investment need is the greatest to adopt national policies that will attract private capital?

Answering many of these questions and outlining the investment possibilities ahead of the agribusiness community was an impressive array of international business and government officials. Below are excerpts from their talks.

The Food Problem and How Government Is Helping

Three top U.S. Government officials, a State governor, a corporation president and a university professor defined the world food problem, what the federal government is now doing, and the future role of agribusiness.

HUBERT H. HUMPHREY, *Vice President of the United States*

Vice President Humphrey defined the world food problem in historical terms and specified some aspects of the U.S. international aid program. Turning to the role of private enterprise he stated, "I believe in the profit system. I also believe it can work even more effectively than it has in the past for the public good.

"In agriculture, our country especially needs the technical skills and experience of the agribusiness community—to market abroad millions of tons of food and feedgrains and oilseeds, and their products . . . The agribusiness community can do this job more efficiently and at less cost than government can."

Mr. Humphrey went on, "For too long, business and government stood on opposite sides of an imaginary line—the line dividing the so-called private sector from the so-called public sector—and glowered at one another. Some businessmen suspected government of an insatiable appetite to expand its functions, to encroach upon private enterprise, and ultimately to stifle it. And some government officials regarded business as inherently oblivious or even antagonistic to the public interest. Some even regarded profits as actually immoral, rather than as an incentive essential to efficiency.

"These old suspicions are fading into history, and mutual confidence and cooperation are replacing them. We have discovered that neither business nor government has a monopoly on wisdom or on dedication to the public good.

"The problems this country faces are just too large and complex for any one part of our society to handle alone. If were are to meet the challenge of this last third of the 20th century, we will need everyone. All of us will need each other—each doing his own job in his own best way, yet coordinating our efforts for maximum benefits.

"For our part, we in government seek to make priority needs—both at home and abroad—profitable for private enterprise."

DR. D. GALE JOHNSON, *Professor of Economics, University of Chicago*

Discussing projected demands for exports of food and

food products, Dr. Johnson cited several factors that would have a direct bearing: "The magnitude of Public Law 480 shipments, the growth of per capita incomes and population in the developing countries, the changes in demand in the developed countries that import our farm products, the growth of farm output in competing agricultural export nations, and the value of our own imports of farm products."

He expressed the conviction that if the developing countries can begin to increase food production more rapidly than population growth, "Such a development will be favorable to our commercial exports if our prices are competitive with those available from alternative suppliers."

Commenting on America's import policies, Dr. Johnson noted, "If our exports are to increase as projected, the importing countries must be able to acquire the foreign exchange to pay for the exports. The United States is currently using import quotas to restrict the imports of a number of farm products for which we are high-cost producers. Gradually eliminating these import quotas would make it easier for us to expand our exports of food and food products."

EUGENE V. ROSTOW, *Under Secretary of State for Political Affairs*

"Agricultural development is crucial to overall economic development. After all, agriculture has proved to be the most progressive of all western industries in terms of the output per man hour. This is a fact which is only beginning to be realized in many of the new countries."

After detailing international efforts undertaken by the United States in the War on Hunger and explaining government resources available for private firms interested in overseas investments, Mr. Rostow declared, "We don't expect businessmen to invest in the absence of a reasonable likelihood that fair profits can be earned. But we can ask that you consider overseas prospects very carefully and act on the basis of your long-term self-interest."

"We must know more precisely what is needed to increase the flow of private resources."

HERBERT J. WATERS, *Assistant Administrator for War on Hunger, AID, Department of State*

"As we see the role of our government, and the governments of other aid-donor countries, we can best act as stimulants. We can stimulate governments and people of the less-developed countries to face up to their problems, and do a better job for themselves, including creating a better climate for private enterprise to help them help themselves.

"But the biggest part of the job is up to the developing countries themselves and up to the world's business community willing to work with them, if they are given a fair chance to do so."

Addressing himself to the tremendous and growing need for agricultural inputs in the less-developed countries, Waters stated, "If we are going to solve challenges of this magnitude, it will be necessary that we accept some changes in our thinking on the part of both government and the business community. We will need bolder vision and bolder thinking and a greater willingness to try new approaches, rather than allow ourselves to be hidebound by policies and procedures and attitudes of the past, even though we may feel more comfortable with them just because we are used to them. I accept this as an urgently needed change of attitude within government, just as I ask it of American business.

"If, as a matter of public policy, we are trying to convince the developing world that the free enterprise capital system can stimulate development and progress faster than any government-dominated totalitarian approach. Communist or otherwise, can we afford failure in proving that our incentive-motivated system is able to mobilize the capital, skills, and management know-how necessary to cope with this most urgent of world problems?

"We will have some searching questions to ask ourselves. If, as a matter of public policy, we are going to insist that governments of developing countries provide better returns to farm people as a more adequate incentive to modernizing and stimulating food production, can we do less for our own farm producers?"

GEORGE S. McGOVERN, *U.S. Senator from South Dakota*

Senator McGovern termed the War on Hunger "an enlightened society's substitute for colonialism." He said, "Great powers in the past have extended their defense and economic perimeters by subduing and exploiting peoples, investing their own wealth chiefly in the military might necessary to conquer, police, and defend their empires. We have the opportunity to make investments in productive resources instead of force, to build ourselves allies instead of colonies, and to benefit through trade and the enhanced security within a free world society."

He continued, "A problem that American enterprise will face in foreign lands is an inevitable suspicion of neo-colonialism. It is a suspicion that must be overcome with reasonable capital returns, a dedication to growth *with* and not *at* the expense of host countries. Our own government's backing will be needed for your service through full guarantees against the unusual risk of expropriation and unstable governments, a reasonable sharing of other risks, and supplemental government-to-government programs. These would include food aid and educational programs which will help clear away the impediments to your success."

ROBERT C. LIEBENOW, *President, Corn Refiners Association, Incorporated*

In a bluntly worded, sometimes critical speech, Mr. Liebenow asserted that with the exception of P.L. 480 food shipments, exports and investments in the less-developed nations are declining rapidly as a proportion of total exports and imports.

He laid at the doorstep of the U.S. Government the responsibility for doing "something drastic—even revolutionary—to increase direct investment and exports" to the less-developed nations.

He urged a major expansion of existing government programs designed to stimulate foreign investments and stated, "Agribusiness must begin to share the responsibility for policy-making in this area." Mr. Liebenow suggested that the agribusiness community form a private organization parallel to the new Office of Private Resources in AID.

Profits and Opportunities for Business

Discussing opportunities for investment and the varying profitability factors in less-developed countries were an

international marketing official, an Asian financial expert, and a U.S. Congressman.

DR. SIMON WILLIAMS, *Associate Director, International Marketing Institute*

Dr. Williams contended that the most important stimulant to private investment in the hungry, developing countries, is that such investment be profitable. He doubted much profit was available under existing circumstances due to lack of transportation, communication, health, education, and personal security.

Conversely, however, he asserted that if private capital revised its traditional investment thinking it could have a significant impact on world hunger and still experience a degree of profit.

C. S. KRISHNA MOORTHI, *Vice President, Asian Development Bank*

Mr. Moorthi talked of opportunities for agribusiness investments in Asia. He declared there is need for an agricultural revolution in the Asian world today; without such a revolution, there can be no long-term economic growth.

He cited these areas of agribusiness investment: fertilizers and pesticides; tractors; irrigation projects; scientific storage facilities; processing facilities; production and processing of commercial agricultural products such as timber, pulp and paper, and plantation crops.

He urged the creation of a nongovernmental agency of businesses interested in Asia and agriculture which would serve as a means of undertaking a major promotional effort—an overseas advertising campaign aimed at stimulating agricultural development.

BOB DOLE, *U.S. Congressman from Kansas*

In a farmer-oriented speech, Congressman Dole expressed his views on several points.

"The American farmer must and will make a greater contribution toward world food needs; however, he must be adequately compensated for his labor and his investment. Fair prices in the marketplace must be recognized and accepted by the public in general and the agribusiness community as an essential ingredient to any solution to the War on Hunger.

"Efforts toward increased production of food and food products by the farmer must be closely associated with business, industry, and related interests—a profit-motivated system must produce the goods. Accelerated agricultural technical assistance can and should play an important role in meeting rising world food needs.

"Government, although not a producer, must play a vital role by assisting free enterprise, negotiating with those countries in need, encouraging economic development in less-developed countries, and coordinating overall activities."

Materials Needed and Problems Ahead

Three businessmen and a university professor filled in the details of what equipment is needed in the less-developed countries and what problems will need to be met in investing there.

JOHN G. STAIGER, *Group Vice President of Farm Machinery, Massey-Ferguson, Ltd.*

Relating some of the experiences his firm has encountered in the 166 countries and territories where it sells, Mr. Staiger declared that equipment manufacturers must provide a comprehensive advisory service and contribute to basic education regardless of short-term rewards. He also asserted they should "maintain continuous product development which takes into account the findings of ecologists and others in an attempt to open up new acres of the world food production and maximize yields in the land already under production."

DR. FREDERICK J. STARE, *Professor of Nutrition, Harvard School of Public Health*

Dr. Stare strongly advocated the value of and need for improving diets in the less-developed countries by the fortification of grains with protein, specifically lysine.

MARTIN M. ROSEN, *Executive Vice President, International Finance Corporation*

Discussing the need for fertilizer production in the developing countries, Mr. Rosen pointed out that the foreign exchange costs involved in fertilizer imports threatens to be one of the principal bottlenecks in expanding food output.

Citing the case of India, he noted that country will need to import about $250 million annually for the next 5 years which totals approximately 20 percent of India's projected export earnings. "What it comes down to is that countries like India can never really expect a breakthrough in agriculture if they have to devote so much of their foreign exchange earnings to fertilizer imports."

Mr. Rosen emphasized that if private investors are to take part in the growth of fertilizer industries in the developing countries, "they will need some assurance that other inputs will be available to farmers and that governments will provide the kind of price incentives that will help develop fertilizer use. They will also need freedom to set their own prices in competition with other producers or with imports."

RICHARD W. REUTER, *Director of Area Development, Kraft Foods, International Division*

After specifying a number of deterrents to private investment in the developing countries, Mr. Reuter stated they would have to be realistically faced by each interested company in terms of its own priorities.

He contended the basic need is for products that utilize low cost ingredients, packaging that is adequate but cheap, and distribution channels that do not pile cost on cost until the product is too expensive for the mass consumer.

Mr. Reuter then predicted that food firms will go overseas in unprecedented numbers. "Business will respond to the challenge. They will respond because there is increasing recognition that we cannot maintain freedom and free enterprise here surrounded by misery. We do live in one world. Business will respond, too, because of the long-term profit potential, despite the validity of all the problems outlines."

Throughout the Agribusiness Conference certain questions recurred during the panel discussions, at the dinner tables, and in the hotel corridors. Although specific answers will probably not be forthcoming until a hard evaluation of the attendant problems can be undertaken, the queries did serve to open new avenues for continuing productive dialogues between industry and government.

Malaysia Moves Ahead Toward Self-Sufficiency in Rice

By ROBERT E. ADCOCK
U.S. Agricultural Attaché
Kuala Lumpur

Malaysia is making great headway in its drive toward growing enough rice to feed its people. Government policy has put the country on a coordinated program of continuing rice production for export and stepping up production for domestic consumption. With a per capita annual requirement of over 260 pounds of rice and a heritage of rice growing, the Malaysian Government has aimed a major effort at its greatest need. Fortunately, the country has potential for great achievement.

Despite this potential, early progress came slowly. In the last half of the 1950's the country was importing about half its rice requirement; domestic production had increased only about 25 percent in as many years.

Food imports amounted to over half the total import costs as late as 1948, but by 1966—although food was still the No. 1 import—it was down to 23 percent of the total import costs. Last year the main imported food item, rice, had decreased to 30 percent of the country's increasing requirements, primarily because of a 45-percent increase in output in the previous 10 years.

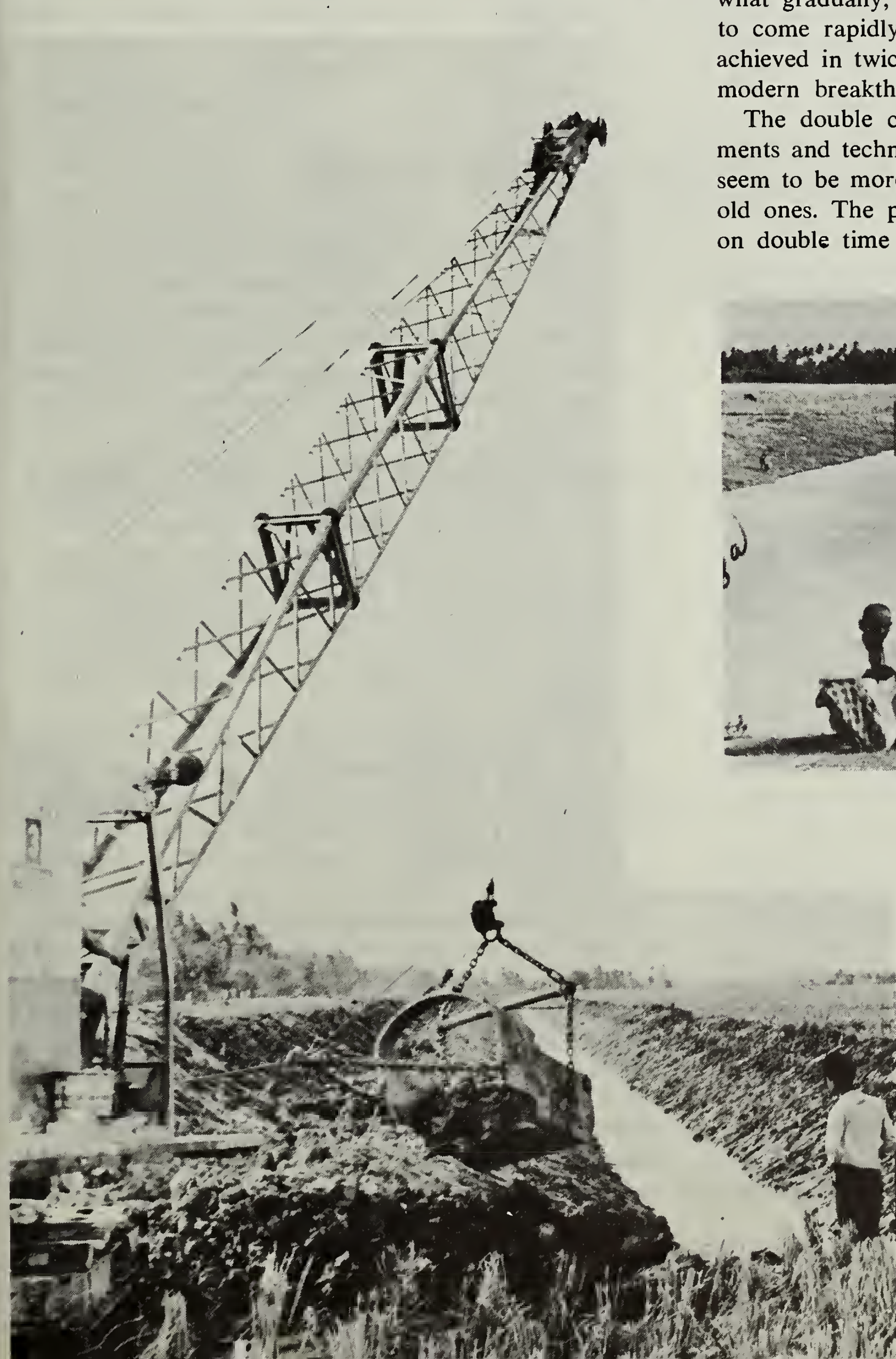
Malaysia's thick jungles, which occupy about four-fifths of the peninsula and even more of East Malaysia, account for some of the retarded progress. It is a slow, expensive process to transform jungles into modern rice producing areas, so output increases have had to come under traditional practices on old rice fields. High yields per crop and two crops a year on the old land have provided most of the rising production.

Implementation of the program

Under the two-crop system a second, or "off-season" crop, as it is called in Malaysia, was grown on 104,000 acres of rice land this crop year. The government's goal calls for 480,000 acres for the second crop and some addition in new acres by 1970.

About one-fourth of this goal has been achieved somewhat gradually, but the three-fourths increase is planned to come rapidly in dramatic jumps. Even if the goal is achieved in twice the program time the change will be a modern breakthrough in rice growing.

The double cropping carries over many common elements and techniques of single-crop production, but there seem to be more new or modified methods involved than old ones. The pioneers now operating the 100,000 acres on double time are nonetheless demonstrating that prob-



Left, crane digs out canal to bring water from mountain dams to 260,000 acres of rice paddies in the Kedah demonstration project. Above, farmer with bicycle is transporting the last bags of his one-crop rice from land now being readied for two-crop rice cultivation.

lems of adjustment can be solved—now or later.

Rice landowners are generally classed as smallholders, and tenancy runs as high as 70 percent of the land. This has produced an irregular checkerboard of paddy borders over vast areas that would be more suitable for large-scale farming, with a minimum of expense. About 10 percent of the land is covered by borders, or bunds, for paddies each of which will cover possibly one-fourth acre.

Some landlords look questioningly at the new cropping idea because a large percentage of the traditional rental agreements carry a stipulated quantity of rice each year based on traditional yields rather than a percentage of the total rice crop.

Best potential in Kedah

The greatest acceleration of production is expected in the rice bowl state of Kedah, where relatively high yields are already being obtained under the traditional one-crop system. Water for the area is being impounded in headwater near Thailand, and main canals are crossing the rice plain to eventually provide irrigation and drainage to about 260,000 acres.

A pilot demonstration for small landholders and tenants on 700 contiguous acres in Kedah is underway. This demonstration involves about 200 farmers, with the total project running into many thousands. The demonstration farmers, who consider the program very important, have agreed to farm "by the book." According to Malaysia's Ministry of Agriculture and Cooperatives, the demonstration is serving another useful purpose as a training ground in extension methods for its officers.

Of course the two-crop program will not be implemented overnight in Kedah, and some difficulties are anticipated. Controllable water will not come to all the thousands of small operators at one time, and it is possible that the more abundant product will raise as many marketing problems as did the short supplies. But after the program is in full swing, few other areas in the world will have experienced as many forward-moving changes in rural life and land as the rice plains of Kedah.

Farsighted planning in Malaysia has made the program possible, but plant-breeding work in the international Rice Research Institute in the Philippines and the continuing plant work in West Malaysia have also played an important role. Without new short-season, fertilizer-responsive varieties, the two-crop system would not be possible.

When achieved, the program will release about 400,000 acres of rice in the neighboring countries, which regularly supply Malaysia, to provide food for others in need. These suppliers include Thailand, which fills over half Malaysia's rice gap; Mainland China, supplier of another one-fourth; and Burma and Cambodia, which supply the rest. Quality U.S. rice now comes into Malaysia only in small shipments under unusual market conditions.

Australia's Rice Crop This Year To Break Another Record

Australia in 1967 will harvest its fourth record rice crop in succession. Favorable weather conditions during most of the growing period, together with increased acreages planted in the Murrumbidgee and Coleambally Irrigation Areas, are mainly responsible. Yields are reported to be good to excellent.

Total production in New South Wales—virtually the sole rice producing State—is now estimated at about 195,000 long tons of paddy, or about 16,000 tons more than last year's record crop. High temperatures and low rainfall during March promoted rapid maturity of the crop. The new semilong variety, Kulu (Australian bred), yielded about 3 tons of paddy per acre.

Higher price to growers

The first advance to rice growers for paddy from the 1967 harvest has been set at $35.84 per ton upon delivery to the Rice Marketing Board. Further payments from the pool will be distributed as the sale of the crop progresses. The first advance this year is $2.24 more than that paid in 1966. This was largely made possible by the higher guaranteed price negotiated for sales to Papua and New Guinea. Final total returns for paddy in recent years have been about $61.60 per long ton.

Efforts to grow rice in Western Australia and the Northern Territory have, for all practical purposes, been abandoned. Only small experimental plantings were made in the Darwin and Kimberley areas, and production there is negligible. Experimental plantings in Queensland continue in the Burdekin district, but so far rice is being cultivated on only about 50 acres.

Marketing of the record 1966 rice crop was facilitated by the good demand on domestic and world markets, and the entire exportable surplus had been committed by the end of the year. As a result, the carryover at the end of March 1967, when the new crop started to come in, was negligible. In fact, industry spokesmen indicated that more could have been sold if it had been available. The millers, in some instances, had to ration customers.

The Territory of Papua and New Guinea remained the major export market for brown and milled rice, but increased quantities were shipped to Okinawa, which took nearly 15,000 long tons from the 1966 crop. About 6,000 tons of milled rice were shipped to the United Kingdom, and the remainder was sold in relatively small parcels to many destinations in the Pacific and Asian areas. Total exports were about 128,000 tons, calculated in terms of paddy rice.

The outlook for the 1967-68 export season is reasonably good, and a complete clearance of the exportable surplus is again expected. A selling mission has recently visited several traditional and potential markets in the Pacific and the Orient and negotiated a number of sales of Australian rice.

With a steadily expanding rice production in prospect, the Australian rice industry may be expected to become more aggressive in its selling policies. The three-man rice selling mission which was sent overseas by the Ricegrowers' Cooperative Rice Mills, Ltd., this year is one of the first high-powered efforts made by the industry to expand markets. While in Okinawa, the rice team extended a formal invitation to a number of people in the trade and in government to visit Australia. —William R. Hatch

U.S. Agricultural Attaché, Canberra

Nigeria Imports Dairy Heifers From U.S. To Improve Local Cattle

Front-page news in Lagos, Nigeria, papers last month was the arrival of more than 100 dairy heifers from the United States. Here Dr. Rado J. Kinzhuber, Agricultural Attaché, Lagos, reports on the composition and purpose of the shipment.

Last May 10, 109 U.S. Holstein, Brown Swiss, and Jersey heifers arrived at Apapa Wharves in Nigeria.

The cattle, which originated on farms in upstate New York and Vermont, suffered no noticeable ill effects from the 2-week ocean voyage on the deck of the cargo ship *African Lightning*. Margaret Hansen, a Peace Corps Volunteer from Middletown, N.Y., accompanied the shipment.

The cattle, purchased by the Ministry of Agriculture and Natural Resources, Western Nigeria, have been taken to Ikenne—a new livestock station located in Western Nigeria between Lagos and Ibadan. Here they are getting accustomed to tropical surroundings. Ranging between 8 and 12 months in age, the new heifers will be used in crossbreeding with Nigerian cattle to improve the local breed.

In 1964 the Nigerian Government brought 36 Holsteins from the United States. Again in October 1965, 100 head of Holstein heifers were brought into Nigeria to start a nucleus dairy farm in the Agege Experimental Farm near Lagos. So far this experiment has been successful; it is reported that the cows have outproduced local cattle three or four times in milk.

Cattle population of Nigeria is estimated at over 10 million head, about 95 percent of which are grazing in Northern Nigeria. By far the majority of the cattle in the Northern Region are Zebus. There are a number of well-differentiated types and recognized breeds—such as the Red and the White Fulani, the Gudali, the Shuwa, the Banyo, and the Ngaundere. Much smaller numbers of the Sanga types can also be found in the North.

In the South the bulk of the cattle are the Muturi—or dwarf shorthorns—and the somewhat larger humpless N'dama cattle.

Peace Corps Volunteer Margaret Hansen and Dr. Kinzhuber inspect dairy heifers in pens on deck of "African Lightning" before ship is unloaded in Nigerian port.

American Ice Cream Gaining Popularity With Viennese Consumers

The first containerized shipment of packaged U.S. ice cream to Europe by boat—5,000 gallons of it—arrived in Vienna, Austria, on May 10. The ice cream came through the sea trip, the unloading at Rotterdam, and the transport by frozen-food truck to Vienna in good condition. There were no damaged cartons and no pilferage.

Arrival of the ice cream at a frozen storage warehouse in Vienna—from which it will be distributed to retail outlets in that city—marked another milestone in a unique market development effort that began last fall.

At Vienna's International Fall Fair in September, a representative of National Dairy Products Corporation introduced that company's packaged ice cream. Samples were given out to fair visitors, which included both the general public and numerous representatives of the food trade in Austria.

The public obviously liked what they tasted—a development that led to a number of inquiries about arrangements for importing the ice cream from members of the food trade.

As a result of one such trade contact, the American-made ice cream went on sale less than a month later at Gerngross, a department store in Vienna with a food center as large as a major U.S. supermarket. The ice cream made its debut in a new wing of the food center on October 14, the day the wing was opened with special ceremonies and displays.

Last December, a second supermarket—Tivoli—also began sales of American ice cream shipped in by air.

By mid-May of this year, NDPC was negotiating with a large Viennese food manufacturer to act as its Austrian distributor, had agreed on over 25 new retail outlets, and was negotiating with other retailers.

One of the main handicaps that has had to be overcome in this market development program is Austrian ice cream buying habits. Customarily Austrians have considered ice cream as a treat to be eaten only in hot weather—and usually away from home. Heretofore it has not normally been available in packages to take home.

There is apparently plenty of room for expansion of ice cream sales in Austria. Although ice cream consumption has doubled in that country since 1960, it is still only about 4 percent as great as that of the United States. About two-thirds of Austria's households have refrigerators; over half of these have deep-freeze compartments.

Britain's First-Quarter Imports of Lard

British imports of lard during the first 3 months of 1967 totaled almost 99 million pounds, near the 100 million pounds of a year earlier.

Arrivals from the United States in March were slightly above the shipments coming from Belgium. However, for the January-March period Belgium continued to lead the United States in lard exports to the United Kingdom, supplying 29 percent of the quantity imported. The United States remained in second place with 27.6 percent of the market.

Along with the increased Belgium exports, Romanian and West German exports to the United Kingdom continued to be up significantly over those of a year earlier.

U.K. LARD IMPORTS BY COUNTRY OR ORIGIN

Country of origin	January-March 1966 Quantity	1966 Percent of total	1967 Quantity	1967 Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
Belgium	18,306	18.3	28,706	29.1
United States	32,688	32.7	27,252	27.6
Romania	3,921	3.9	11,082	11.2
Poland	8,695	8.7	7,382	7.5
Denmark	6,862	6.9	6,185	6.3
Germany, West	2,887	2.9	6,167	6.2
Netherlands	5,529	5.5	5,308	5.4
France	6,159	6.2	4,436	4.5
Sweden	1,227	1.2	967	1.0
Italy	9,648	9.7	706	.7
Switzerland	1,821	1.8	238	.2
Canada	926	.9	224	.2
Others	1,250	1.3	90	.1
Total	99,919	100.0	98,743	100.0

Henry A. Lane and Co., Ltd.

Ireland Sets Higher Hog Support Prices

The Pigs and Bacon Commission has announced that effective May 1, 1967, the guaranteed minimum prices for certain grades of bacon-type hogs were increased 75 cents per 100 pounds. The new prices are:

Grade	Price per 100 pounds (Deadweight)
	U.S. dol.
AS	33.25
A	31.75
B1	30.75
L	28.625

The new higher support prices will not be effective immediately since hogs are currently selling well above the new support levels. Grade A Special hogs are currently selling at $35.63 per 100 pounds, deadweight. The higher support price is meant to add a higher degree of confidence to help expand the hog industry in Ireland. The total cost to the Government for fiscal 1967-68 is estimated at $3.9 million.

The Irish Government has also announced that it is extending its sow subsidy program aimed at increasing hog numbers in Ireland. The Government grant program of $14.00 for each sow that farrows during the period September 15, 1966, to September 14, 1967, has now been extended through June 1968. This program is expected to cost the Government another million dollars.

Turkish Cotton Crop Sets Record

The 1966-67 cotton crop in Turkey is still expected to total around 1.7 million bales (480 lb. net), compared with about 1.5 million harvested in 1965-66. Most of the increase was in the Aegean region, where production is estimated at 735,000 bales, 40 percent of which is expected to be Standard I White.

It is likely that Turkish exports of raw cotton will reach 1,000,000 bales or more during the current season, compared with 920,000 in 1965-66, and 773,000 in 1964-65. Exports to principal destinations during the first 5 months of the 1966-67 crop year, in 1,000 bales (comparable figures for the 1965-66 period in parentheses), are the United Kingdom 93 (64), West Germany 76 (39), Belgium 71 (45), Italy 69 (51), Switzerland 60 (32), France 32 (22), and Spain 28 (7).

Cotton consumption in Turkey is expected to continue its upward trend, rising above the 625,000 bales used in the 1965-66 season. Stocks on hand are likely to be higher at the end of the season than the 180,000 bales held on August 1, 1966.

C.i.f. prices in Liverpool for Izmir Standard I (SM 1-1/16") new crop for October-November delivery were recently quoted at around 28.86 cents per pound, compared with 28.22 cents a year earlier.

Planting of the new cotton crop in Turkey is progressing well in all districts and is expected to be completed soon. Acreage is likely to be slightly larger in 1967-68, especially in the Cukurovan region.

Colombia's Cotton Crop Larger This Season

The cotton crop in Colombia for the current season is expected to approximate 350,000 bales (480 lb. net), compared with a 1965-66 harvest of 300,000 bales. The larger crop is attributed primarily to higher yields. Good weather conditions and better insect control helped raise the national average yield from 354 pounds per acre in 1965-66 to 410 pounds in the current season. Under a scheme to prevent the recurrence of heavy damage caused by insects during 1965-66, all cotton growers were required to follow the supervision and advice of the Cotton Institute regarding insecticides.

Total area, estimated at 410,000 acres, was not materially different from a year earlier, although some expansion did occur in the higher yielding Central Zone. This zone produces about one-third of the country's cotton, and is harvested in August and September. The Northern Zone, where two-thirds of the crop is produced, is harvested beginning around December.

Domestic consumption of cotton continues to rise as

the population expands. During the 1965-66 season consumption amounted to around 300,000 bales. Three textile companies in the country account for nearly 80 percent of the country's total cotton textile output.

Imports of raw cotton during the current crop year are expected to be considerably less than the 65,000 bales in the 1965-66 season because of the larger domestic crop. Long-staple cotton, primarily from Peru, will likely be imported at the regular rate since this cotton is not grown in Colombia. However, imports of upland types, which are usually purchased from the United States, will be curtailed.

Colombian cotton can be exported only after the domestic mills have purchased their quotas; however, because of increases in stocks and production, slightly larger supplies are expected to be available for export during this season. Exports in all of 1965-66 totaled 42,000 bales. A major portion of this cotton was shipped to Western Europe.

Danish Oilseed Area Same as 1966

Total contracted area for Danish oilseeds in 1967 is almost unchanged from the 1966 level. The decline in acreage sown to rapeseed—Denmark's major oilseed crop—was offset by an increase in the mustardseed area.

Rapeseed acreage has declined steadily since the use of rapeseed oil in margarine production is no longer required by law. Rapeseed oil is now used solely for industrial purposes.

Expanded acreage and increased production of mustardseed, however, have been encouraged to supply mustardseed for export, mainly to West Germany and Eastern Europe.

OILSEED ACREAGE IN DENMARK

Oilseed	Contracted area[1]			Actual area	
	1965	1966	1967	1965[2]	1966[3]
	Acres	*Acres*	*Acres*	*Acres*	*Acres*
Winter rapeseed	14,764	11,643	6,825	38,407	24,888
Spring rapeseed	21,661	18,404	18,031	28,730	26,173
Mustardseed	7,643	10,714	14,942	16,126	22,412
Linseed	425	188	190	650	479
Poppyseed	166	....	....	341	353
Total	44,659	40,949	39,988	84,254	74,305

[1]Contracted as of March 1. [2]Final estimate. [3]Preliminary. *"Dansk Fröavl* (Danish seed growers' publication).

Philippine Exports of Coconut Products

Registered exports of copra from the Philippine Republic during April 1967 totaled 52,400 long tons compared with 64,648 last year. Of the total, 9,250 tons moved to the United States, compared with 25,646 in the same period a year ago.

Exports of coconut oil during April 1967 amounted to 16,050 tons against 25,701 last year. Movements to the United States were 10,550 tons, compared with 17,948.

Desiccated coconut exports amounted to 3,794 tons in April, with 2,921 moving to the United States.

U.S. Fishmeal Imports Increase

Imports of fishmeal and scrap into the United States during the January-March 1967 period amounted to 160,540 short tons, more than double the 74,116 tons imported in the same 3 months of 1966. The sharp rise in imports reflects Peru's abundance of fish and heavy stocks, which in recent months have resulted in a significant reduction in prices. In April, fishmeal prices, 60 percent protein, Buffalo, f.o.b. seaboard, averaged $128.20 per short ton, compared with $162.70 in April a year ago.

Argentine Peanut Production

Peanut production in Argentina for the 1966-67 crop year is expected to be 334,000 metric tons (in-shell basis), according to the first estimate released by the Argentine Department of Agriculture. The first estimate for the 1965-66 crop was 378,000 tons compared with the final official estimate of 410,000 tons.

Unfavorable weather in the main peanut growing area during the sowing period caused the reduction in the area sown.

Spanish Almond Exports Rise

Spain's exports of 1966 crop sweet almonds from September 1, 1966, to April 16, 1967, were running 35 percent ahead of the pace set during the same period in 1965-66. During the first 7½ months of the current season, exports totaled 22,979 short tons, shelled basis, with 21 percent of the total going to France and 19 percent to the United Kingdom, both traditionally large users of Spanish almonds. Other important buyers included Sweden, West Germany, Switzerland, and Czechoslovakia, with 9,9,5, and 5 percent respectively. This season for the first time Czechoslovakia became an important buyer of Spanish almonds, partly the result of a major campaign to expand trade with Eastern Europe.

New Zealand Increases Tobacco Imports

New Zealand imported nearly 7 million pounds of leaf tobacco in 1966, with the United States supplying nearly 4.2 million. Other major sources of New Zealand's imports last year included Rhodesia 1.9 million, the Republic of South Africa 307,000 pounds, and Malawi 204,000 pounds.

NEW ZEALAND'S TOBACCO IMPORTS

Origin	1964	1965[1]	1966[1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	3,406	3,494	4,156
Rhodesia	1,153	2,119	1,941
Republic of South Africa	77	486	307
Malawi	....	278	204
Mozambique	....	....	180
Indonesia	12	48	100
Others	84	94	74
Total	4,732	6,519	6,962

[1]Preliminary; subject to revision.

West Germany's Tobacco Imports Set Record

West Germany's declared imports of unmanufactured tobacco in 1966 were at a record 329.5 million pounds—9.5 percent larger than the 300.8 million of 1965. Larger imports from major suppliers, including the United States, Greece, Bulgaria, Turkey, and Indonesia, accounted for the gain.

Declared imports from the United States, at 106.0 million pounds, were 11.7 percent larger than the 94.9 million of 1965. Purchases from Greece rose 7.5 percent, and those from Turkey 66.9 percent. Combined imports from

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Rhodesia-Zambia-Malawi totaled only 19.7 million last year, little more than half the 36.5 million of 1965.

Average import prices for unstemmed leaf from major sources last year, in terms of U.S. cents per pound, were: the United States 87.6, Greece 67.2, Bulgaria 53.8, Turkey 58.8, Rhodesia 53.0, Indonesia 55.4, Brazil 37.7, and Italy 64.1. The average import price for all unstemmed leaf was 64.2 cents.

WEST GERMANY'S IMPORTS OF UNMANUFACTURED TOBACCO

Origin	1965 Quantity	1965 Price per pound[2]	1966[1] Quantity	1966[1] Price per pound[2]
	1,000 pounds	*U.S. cents*	*1,000 pounds*	*U.S. cents*
United States	94,890	80.8	106,024	87.6
Greece	50,043	68.3	53,772	67.2
Bulgaria	20,800	52.1	24,625	53.8
Turkey	13,530	67.0	22,588	58.8
Rhodesia	[3]36,491	[3]51.3	18,038	53.0
Zambia	([4])	([4])	478	54.1
Malawi	([4])	([4])	1,140	39.2
Indonesia	6,889	103.3	15,844	55.4
Brazil	14,936	32.3	12,401	37.7
Italy	6,728	81.6	8,697	64.1
Japan	9,805	68.6	7,879	67.3
China (Mainland)	3,457	48.2	6,907	24.1
Mexico	886	44.0	6,779	32.0
Thailand	3,129	40.6	6,334	42.1
China (Taiwan)	2,286	36.2	4,755	41.7
Dominican Republic	4,813	32.6	4,683	32.0
Colombia	5,446	47.2	4,601	46.5
Philippines	5,737	27.1	4,246	26.8
Argentina	4,481	38.2	3,677	45.3
Paraguay	3,218	18.6	2,066	18.9
Canada	2,338	56.3	2,194	64.2
South Korea	578	47.8	2,302	41.7
Others	10,293	....	9,441	......
Total	300,774	63.5	329,471	64.1

[1]Preliminary; subject to revision. [2]C.i.f. value of unstemmed leaf. [3]Includes Zambia and Malawi. [4]Included with Rhodesia.

Canadian Cigarette Output and Sales Up

Cigarette output in Canada last year totaled 45,131 million pieces—up 8.4 percent from 41,632 million produced in 1965. Production of cigars dropped to 443 million pieces from 489 million in 1965. Output of cut tobacco, at 16.9 million pounds, was 5.6 percent below the 1965 level of 17.9 million pounds. Output of plug and twist totaled 873,000 pounds, compared with 870,000 for the previous year; production of snuff dropped to 799,000 pounds from 858,000 for 1965.

Cigarette sales continued upward and amounted to 46,276 million pieces, compared with 43,011 million sold in 1965. Sales of all other tobacco products by kinds—except for plug and twist—were down.

Ireland Raises Tobacco Duties Again

Ireland has again raised its customs duty on tobacco imports. The new rate, effective April 12, 1967, on unstemmed leaf containing 10 percent or more moisture is now equivalent to US$10.67 per pound, compared with $9.71 which became effective on March 10, 1966, and $9.23 on May 12, 1965.

The increased duty caused a rise in cigarette prices of about 4.7 cents per pack of 20. During the past 13 months retail cigarette prices prices rose almost 7 cents per pack of 20. The upward price adjustment is not expected to adversely affect cigarette sales in terms of pieces, but may reduce the absolute quantity of tobacco used in the production of 1,000 pieces. The swing to filter-tipped cigarettes is expected to be accelerated. These cigarettes represented about 40 percent of total sales last year, compared with about 35 percent for the preceding year.

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